

Talking Points for Charts

Bush Economic Record: The First Term

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Chart 1: Net Job Destruction in the Private Sector

- President Bush ended his first term with only 119,000 more nonfarm payroll jobs than there were when he took office in January 2001.
- When you take out growth in government jobs, and focus on jobs created or lost in the private sector, there were nearly 800,000 jobs *lost* in President Bush's first term.
- In the manufacturing sector alone there were 2.8 million jobs lost.
- The Bush Administration likes to focus on job creation since job losses peaked in May 2003, but the 2.8 million jobs created from then through the end of President Bush's first term average out to just 137,000 jobs per month. That is about enough to keep up with growth in the labor force, but it is substantially below what the Administration had been predicting for most of that period based on what is typical in a strong economic recovery.
- All of these data come from the Bureau of Labor Statistics' (BLS) survey of establishments.
- Some people want to talk about job growth in a different BLS survey, the survey of households, but the BLS says that the establishment survey gives a more accurate picture of current labor market conditions. The Congressional Budget Office and Federal Reserve Chairman Alan Greenspan agree that these data are the ones to look at to assess trends in job creation.

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Chart 2: Only Administration in over 70 Years with a Decline in Private Sector Jobs &

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Chart 3: Nearly 800,000 Private Sector Jobs Lost

- President Bush is the first President since Herbert Hoover to lose private sector jobs over the course of his time in office.
- The chart shows changes in private nonfarm employment by administration going back to Hoover, but the data for overall nonfarm employment would show a generally similar pattern. President Bush closed his first term with a modest gain of 119,000 total nonfarm payroll jobs, but that was because growth in government jobs offset the loss of private sector jobs. Nevertheless, President Bush's overall job creation record was also the worst of any president since Hoover.
- The jobs slump in President Bush's first term was the most persistent jobs recession since the 1930s. Nearly four years later there were still 700,000 fewer private sector jobs than there were when the recession started in March 2001.
- At a comparable point in all previous business cycles since the 1930s we had already erased all the job losses and were creating substantially more new jobs.

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Chart 4: Unemployment Rate up by 1.0 Percentage Point

- Although the unemployment rate came down from its peak of 6.3 percent (reached in June 2003), the rate of 5.2 percent in January 2005 was still 1.0 percentage point higher than it was in January 2001 when President Bush took office.
- Moreover, the unemployment rate was lower than it otherwise might have been because so many people dropped out of the labor force and were not counted as unemployed.
- One indicator that there was some hidden unemployment is that the proportion of the working-age population with jobs was just under 2 percentage points lower at the end of President Bush's first term than it was when he took office.
- Taking into account people who wanted to work but dropped out of the labor force, the BLS estimates that the unemployment rate would have been 6.4 percent in January 2005; taking into account as well those who were working part time but wanted to be working full time, the rate would have been 9.3 percent.

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Chart 5: 1.7 Million More Unemployed Workers

- At the conclusion of President Bush's first term in January 2005, the number of Americans without a job was 7.7 million—1.7 million more than when he took office in January 2001.
- That is the official number, but an additional 5.0 million people wanted to work but had dropped out of the labor force.
- An additional 4.4 million workers were working part-time but wanted to be working full-time.
- Counting those two groups of workers, the BLS estimates that the unemployment rate would have been 9.3 percent.

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Chart 6: Long-Term Unemployment More than Doubled

- The number of people who were unemployed for more than 26 weeks more than doubled in President Bush's first term in office.
- 26 weeks is the cut-off for regular state unemployment benefits, and the President and the Republican-controlled Congress failed to renew the Temporary Extended Unemployment Compensation program when it expired in December 2003.
- As a result, those who subsequently exhausted their regular state benefits did not receive any additional federal benefits, even though it was difficult to find a new job in a labor market that remained relatively weak.

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Chart 7: Promise versus Reality: Job Creation in Second Half of 2003 Was 1.5 million below Forecast

- In February 2003, the President's Council of Economic Advisers (CEA) issued a report forecasting that the economy would add 1.9 million jobs in the second half of 2003.
- About 1.4 million of those new jobs were expected to come from the normal business cycle recovery that the CEA was predicting at the time.
- An additional 510,000 jobs were forecasted to come from enactment of the President's "Jobs and Growth" tax cut initiative.
- We got the tax cut, but we didn't get the jobs. Only 401,000 jobs were created in the last two quarters of 2003.

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Chart 8: Typical Worker's Earnings Barely Kept up with Inflation

- The Bureau of Labor Statistics publishes data on the usual weekly earnings of full-time workers at different points on the wage ladder.
- After adjusting for inflation, the usual weekly earnings at the exact middle of the distribution—real median usual weekly earnings—grew a paltry 0.2 percent per year during President Bush's first term.
- That contrasts with a healthy 1.7 percent per year in the previous four years under President Clinton.

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Chart 9: An Administration with Well Below Average Economic Growth

- Real gross domestic product (GDP), the broadest measure of the nation's output of goods and services, increased at an average annual rate of 2.7 percent in President Bush's first term.
- That is well below the 3.3 percent average annual growth rate achieved from the Eisenhower through the Clinton administrations, and even farther below the 3.6 percent average growth rate achieved under President Clinton.
- Productivity grew rapidly for most of 2003 and 2004. As a result, GDP would have had to grow much faster than it did to produce the kind of job growth typically seen in a healthy economic expansion.

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**Chart 10: Administration with Second Lowest Investment Growth in 50 Years
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Chart 11: Business Investment Grew Less than 4 Percent

- Real business investment in new factories and machines rose at an average annual rate of 0.8 percent in President Bush's first term.
- That means the Bush Administration had the second lowest growth in investment in 50 years.
- Business investment is one of the keys to future economic growth, and a strong revival in business investment is necessary to achieve a strong, sustainable economic recovery.

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Chart 12: Consumer Confidence Down 11 Percent

- The Conference Board's Index of Consumer Confidence was 11 percent lower in January 2005 than it was when President Bush took office.

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Chart 13: One of Just Two Administrations since Hoover with a Decline in the Stock Market

- In January 2005, the Standard & Poor's 500 Stock Market Index was over 11 percent lower than it was when President Bush took office—the equivalent of an average annual decline of 3.0 percent.
- Of all Presidents since Hoover, only President Nixon experienced an overall decline in the stock market over the course of his term.

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Chart 14: Large Projected Surpluses Turned into Large Deficits

- When President Bush took office in January 2001, the Congressional Budget Office projected large and growing federal budget surpluses under existing laws and policies (the so-called baseline projection).
- Over the 10 years from 2002 to 2011 those surpluses would cumulate to \$5.6 trillion.
- In fact, of course, the surplus was smaller than projected in 2001 and by 2004 a projected \$400 billion surplus had turned into a deficit of over \$400 billion. (The total budget deficit was \$412 billion in fiscal year 2004)

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Chart 15: \$4.5 Trillion More Debt in 2008

- In February 2001, the Bush Administration projected that the federal debt would be \$1.2 trillion in 2008 if their policies were enacted, and that it would not be prudent or possible to pay down the debt any faster.
- At the end of President Bush's first term, with the hard-won fiscal discipline of the late 1990s completely squandered, the Administration's February 2005 projection of what the public debt will be in 2008 climbed to \$5.7 trillion—an increase of \$4.5 trillion over the February 2001 projection.
- Instead of building up surpluses and retiring debt in order to prepare properly for the retirement of the baby boom generation, the Bush Administration abandoned all pretense of fiscal discipline and let the debt skyrocket.

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Chart 16: Bush Tax Cuts Were Nearly 90 Times Larger for Millionaires than for Middle Income Households

- The average amount of 2001-2003 tax cuts for households with more than \$1 million of income was nearly \$128,000 per year.
- The comparable figure for households with incomes of \$50,000 to \$75,000 was \$1,445.
- That made the millionaires' average tax cut 88 times larger. It was 160 times larger than the average tax cut for households with \$20,000 to \$50,000 income and 48 times larger than the average tax cut for households with \$75,000 to \$100,000 of income.

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Chart 17: Administration with the Greatest Average Annual Decline in Household Income &

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Chart 18: Real Median Household Income Down \$1,535

- After adjusting for inflation, the income of a typical household was down by more than \$1,500 during the first three years of President Bush's first term (2003 is the latest year for which we have data).
- The measure used here is the Census Bureau's median household income, adjusted for inflation. The median income is the income of the household at the exact middle of the distribution—half of all households have less income and half have more.
- The average annual decline in real (inflation-adjusted) median household income was greater than for any previous administration for which we have data, that is, back to Kennedy.

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Chart 19: Administration with Second Largest Average Annual Rise in the Poverty Rate &

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Chart 20: 4.3 Million More Americans in Poverty

- The official poverty rate in 2003 was 12.5 percent.
- That translates into 35.9 million Americans living in poverty at the end of the first three years of President Bush's first term—4.3 million more than were living in poverty in 2000, the year before President Bush took office.
- The average increase in the poverty rate during the last three years is second only to that during George H. W. Bush's administration and contrasts sharply with the declines in the Clinton and Kennedy-Johnson administrations.

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Chart 21: 5.2 Million More Americans without Health Insurance

- 45 million Americans were without health insurance in 2003 (the latest year for which we have data).
- That represents an increase of 5.2 million over the figure in 2000, the last year before President Bush took office.